

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's Own Motion into the Operations and Practices of the Conlin-Strawberry Water Co. Inc. (U-177-W), and its Owner/Operator, Danny T. Conlin; Notice of Opportunity for Hearing; and Order to Show Cause Why the Commission Should Not Petition the Superior Court for a Receiver to Assume Possession and Operation of the Conlin-Strawberry Water Co. Inc. pursuant to the California Public Utilities Code Section 855.

Investigation 03-10-038
(Filed October 16, 2003)

**ADMINISTRATIVE LAW JUDGE'S RULING
FOLLOWING EVIDENTIARY HEARING**

The evidentiary hearing in this proceeding, having commenced on Tuesday, May 11, 2004, continued on Tuesday through Thursday, May 25-27, 2004. Cleveland Lee, representing the Commission's Water Division, and Thomas J. MacBride, Jr., representing the Respondents, appeared on all days.

Exhibits were marked, offered, and admitted into evidence as indicated on the Exhibit Index, attached to this ruling as Appendix 1. On May 25 and 27, Ms. Kerrie Evans was called as a witness by the Water Division, sworn, examined by the Water Division, and cross-examined by the Respondents. On May 26, Mr. Danny T. Conlin was called as a witness by the Respondents, sworn, examined by Mr. MacBride, and cross-examined by the Water Division. Upon conclusion of his testimony, Mr. Conlin was dismissed as a witness.

The evidentiary hearing was continued to 9:00 a.m. on Thursday, June 24, 2004, and will continue on June 25, if not concluded earlier. All scheduled hearings and conferences in the proceeding will be held in a Commission hearing room, 505 Van Ness Avenue, San Francisco, California.

IT IS SO RULED.

Dated June 2, 2004, at San Francisco, California.

/s/ JOHN E. THORSON

John E. Thorson
Administrative Law Judge

California Public Utilities Commission

Appendix 1: Exhibit Index

Pages 1-4

Proceeding No. I.03-10-038

Inclusive Dates: 5/11/04 to 5/25, 2004

(Prepared as of 5:00 p.m., May 27, 2004)

ALJ John E. Thorson

Presiding

| Ex No. | PARTY OFFERING | WITNESS | DESCRIPTION | DATE | |
|--------|----------------|-----------|---|------------|--------------|
| | | | | IDENTIFIED | RECEIVED |
| 1 | Water Division | W. Rugg | Declaration of W. Rugg (4/6/04) with para. 9 crossed out | 5/11/04 | 5/11/04 (S) |
| 2 | Water Division | W. Rugg | SPOA Minutes: 7/5/03, 5/25/02, 9/1/01, 7/1/00, 7/3/99, 7/4/98, 6/6/96 | 5/11/04 | 5/11/04 (S) |
| 3 | Water Division | W. Rugg | SPOA Letter to L. Lynch, 8/21/02 w/ attached ratepayer letters | 5/11/04 | 5/11/04 (S) |
| 4 | Water Division | W. Rugg | Complaint, SPOA v. CSWC, 7/17/01 w/ attached petition signed by ratepayers | 5/11/04 | 5/11/04 (S) |
| 5 | Water Division | W. Rugg | SPOA letter to Commission, 9/7/01 | 5/11/04 | 5/11/04 (S) |
| 6 | Water Division | W. Rugg | W. Rugg letter to K. Evans, 5/21/98 | 5/11/04 | 5/11/04 (S) |
| 7 | Water Division | W. Rugg | W. Rugg Statement, undated and entitled, "What's Wrong with CWCS? A Bit of History and Perspective" | 5/11/04 | 5/11/04 (S) |
| 8 | Water Division | W. Rugg | October 26, 1998, SPOA Water Update | 5/11/04 | Not admitted |
| 9 | Withdrawn | Withdrawn | Withdrawn | Withdrawn | Withdrawn |
| 10 | Water Division | W. Rugg | 116 Ratepayer postcards | 5/11/04 | Not admitted |
| 11 | Water Division | W. Rugg | Water Update | 5/11/04 | Not admitted |
| 12 | Water Division | W. Rugg | Water Update | 5/11/04 | Not admitted |
| 13 | Water Division | W. Rugg | Email to Rugg, Jan. 21, 2003 (numbered page 3 only) | 5/11/04 | 5/11/04 (S) |
| 14 | Water Division | W. Rugg | Water Report, 2000-2001 | 5/11/04 | |
| 15 | Water Division | W. Rugg | 2004 Water Report | 5/11/04 | |

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|----|----------------|---------------------|--|---------|--------------|
| 16 | Water Division | W. Rugg | Excerpt, Status of Required System Improvements | 5/11/04 | |
| 17 | Water Division | W. Rugg | Inspection of the Conlin-Strawberry Water Co. | 5/11/04 | |
| 18 | Water Division | W. Rugg | Conlin Letter to Board of Directors | 5/11/04 | 5/11/04 (S) |
| 19 | Water Division | Stipulation | Billing Register | 5/20/04 | 5/25/04 (S) |
| 20 | Water Division | Stipulation | Daily Receipts Allocation | 5/20/04 | 5/25/04 (S) |
| 21 | Water Division | Stipulation | Order Instituting Investigation | 5/20/04 | 5/25/04 (S) |
| 22 | Water Division | Evans | Supplemental Testimony of Kerrie Evans | 5/20/04 | 5/25/04 |
| 23 | Water Division | Evans | Letter to J. Gray (10/28/96) | 5/20/04 | 5/25/04 |
| 24 | Water Division | Evans | Letter to Danny Conlin (11/19/96) | 5/20/04 | |
| 25 | Water Division | Evans | Declaration of Kerrie Evans (3/5/04) | 5/20/04 | |
| 26 | Water Division | Conlin | Map: Lot Layout & Water Main Diagram | 5/20/04 | 5/26/04 |
| 27 | Water Division | Conlin | Map: Supplement | 5/20/04 | 5/26/04 |
| 28 | Water Division | Evans | Frank Walter Letter (4/26/00) | 5/20/04 | 5/25/04 |
| 29 | Water Division | Evans | Deane Letter (8/21/95) | 5/20/04 | |
| 30 | Water Division | | Cash Journal Update | 5/20/04 | |
| 31 | Water Division | | Att 2: Manager Salary Update | 5/20/04 | |
| 32 | Water Division | | Att 3: Cash Disbursement Update | 5/20/04 | |
| 33 | Water Division | | Flow Chart | 5/20/04 | |
| 34 | Water Division | | Repayment Schedule | 5/20/04 | |
| 35 | Water Division | | DWR Clams Form #1 | 5/20/04 | |
| 36 | Water Division | | DWR Claims Form #1-16 | 5/20/04 | |
| 37 | Water Division | | Flow Chart (5/18/04) | 5/20/04 | |
| 38 | Water Division | | Labor Invoices re Claims Forms | 5/20/04 | |
| 39 | Water Division | Evans | Carlucci Letter (3/4/03) | 5/20/04 | 5/25/04 |
| 40 | Water Division | Official Notice | D.83-05-052 | 5/20/04 | 5/25/04 (S) |
| 41 | Water Division | Partial Stipulation | DHS Report (10/28/04) Admitted by stipulation only as to 10/28/03 document) | 5/20/04 | 5/25/04 (PS) |
| 42 | Water Division | | SPOA Board of Directors (5/3/98) | 5/20/04 | |
| 43 | Water Division | Stipulation | Kerrie Evans E-mail (12/20/02) | 5/20/04 | 5/25/04 (S) |
| 44 | Water Division | | Letter to Conlin-Strawberry (7/8/98) | 5/20/04 | |
| 45 | Water Division | Evans | Olson Letter (nd) | 5/20/04 | 5/25/04 |
| 46 | Water Division | Official Notice | D.86-11-004 | 5/20/04 | 5/25/04 (S) |
| 47 | Water Division | Official Notice | Resolution W-3827 | 5/20/04 | 5/25/04 (S) |
| 48 | Water Division | Official Notice | D.97-10-032 | 5/20/04 | 5/25/04 (S) |

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|-----|----------------|-----------------|--|---------|--------------|
| 49 | Water Division | Official Notice | Resolution W-4144 | 5/20/04 | 5/25/04 (S) |
| 50 | Water Division | Official Notice | D.99-11-044 | 5/20/05 | 5/25/04 (S) |
| 51 | Water Division | Official Notice | Resolution W-4187 | 5/20/04 | 5/25/04 (S) |
| 52 | Water Division | Official Notice | D.00-03-023 | 5/20/04 | 5/25/04 (S) |
| 53 | Water Division | Official Notice | Resolution W-4207 | 5/20/04 | 5/25/04 (S) |
| 54 | Water Division | Official Notice | D.00-11-043 | 5/20/04 | 5/25/04 (S) |
| 55 | Water Division | | Additional Postcards | 5/25/04 | Not admitted |
| 56 | Water Division | Official Notice | GO 103 | 5/25/04 | 5/25/04 |
| 57 | Water Division | Conlin | Conlin Deposition | 5/26/04 | 5/26/04 (S) |
| 58 | Water Division | Conlin | Pingree Deposition | 5/26/04 | 5/26/04 (S) |
| 59 | Water Division | | Evans Prepared Testimony (3/5/04) | 5/26/04 | |
| 60 | Water Division | Conlin | DWR Contract | 5/26/04 | 5/26/04 (S) |
| 61 | Water Division | Conlin | Memorandum of Understanding (5/1/98) | 5/26/04 | |
| 62 | Water Division | | Inchauspe Letter re Pingree Deposition | 5/26/04 | 5/26/04 (S) |
| 63 | Water Division | | Inchauspe Letter re Conlin Deposition | 5/26/04 | 5/26/04 (S) |
| 64 | Water Division | | Resolution W-3445 | 5/26/04 | 5/26/04 (S) |
| 65 | WITHDRAWN | | | | |
| 66 | Water Division | | Resolution W-4144 | 5/27/04 | |
| 67 | Water Division | | Guidelines for . . . Engineering Report | 5/27/04 | |
| 68 | Water Division | | 2000 Annual Report | 5/27/04 | |
| 69 | Water Division | | 1994 Annual Report | 5/27/04 | |
| 70 | Water Division | | D.66037 | 5/27/04 | |
| 71 | Water Division | | Photo of tank | 5/27/04 | |
| 72 | Water Division | | Photo of tank | 5/27/04 | |
| 73 | Water Division | | Photo of tank | 5/27/04 | |
| 74 | Water Division | | Photo of tank | 5/27/04 | |
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| 500 | Respondent | Conlin | Danny Conlin Prepared Testimony | 5/26/04 | 5/26/04 |
| 501 | Respondent | Conlin | Contract between DWR & Conlin-Strawberry | 5/20/04 | |
| 502 | Respondent | Conlin | Fiscal Services Agreement | 5/20/04 | 5/26/04 |
| 503 | Respondent | Conlin | WD's Data Response re Customer Complaints and DHS correspondence | 5/20/04 | 5/26/04 |
| 504 | Respondent | Conlin | Kerrie Evans' Declaration, 1/5/2004 | 5/20/04 | 5/25/04 (S) |
| 505 | Respondent | Official Notice | ALJ Ruling Setting Hearing for 8/23/2000 | 5/20/04 | 5/25/04 (S) |
| 506 | Respondent | Official Notice | ALJ Ruling on General Rate Case | 5/20/04 | |

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|-----|------------|-----------------|-----------------------|---------|--|
| 507 | Respondent | Official Notice | Resolution No. W-4207 | 5/11/04 | 5/11/04 |
| 508 | Respondent | Official Notice | Resolution No. W-4144 | 5/11/04 | 5/11/04 |
| 509 | Respondent | Official Notice | D.83-05-052 | 5/11/04 | 5/11/04 |
| | | | | | (S)= stipulated (PS) = partially stipulated |

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail, to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling Following Evidentiary Hearing on all parties of record in this proceeding or their attorneys of record.

Dated June 2, 2004, at San Francisco, California.

/s/ TERESITA C. GALLARDO

Teresita C. Gallardo

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.